

Brown Brothers Harriman Case Study

How BBH has leveraged its investment in sanctions filtering to fully automate the 314(a) process

The Challenge and Legal Requirements

Under 314(a), all federal agency requests for information are processed by the Treasury Department's Financial Crimes Enforcement Network (FinCEN) agency. Brown Brothers Harriman (BBH), like any other financial institution in the U.S., receives a 314(a) request for information from FinCEN every two weeks. The regulation requires that financial institutions search their customer account records for the current and preceding twelve month period and transactions conducted for the past six month period against those lists for possible data matches. They then have fourteen calendar days to report their results to FinCEN.

In order to answer FinCEN's requests for information, Brown Brothers Harriman previously implemented a system which consisted of the download of the 314(a) person and business lists and manual configuration of these lists before filtering. A spreadsheet was created by BBH's AML Compliance Department which was passed onto and amended by two other teams before the filtering process could happen. This system was quite satisfactory in the beginning but resulted in a huge manual effort to prepare the lists before the filtering process. The process was fragmented and involved too many individuals and was therefore time consuming. A lack of consistency when summarizing and consolidating the information to build the report for FinCEN was also a concern.

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The Solution

BBH needed a fully automated solution to manage the 314(a) list import and configuration to optimize the data matching and decided to extend the usage of Firco Trust to do this. Flexibility in the Firco Multi-list Manager (FMM) module allowed BBH to fully automate the update of the 314(a) list; every other week, the 314(a) list is automatically imported, merged, corrected and enriched to be used to compare.

BBH converts the FinCen 314(a) request into the FircoSoft definitions for importing a list. The BBH module imports a spread sheet, and based on the FircoSoft XML Document Type Definition (DTD), exports an XML file that can be imported into FMM. The FMM module is distributed to and executed by BBH Compliance, further improving straight-through processing. Once the file is imported to FMM, the Compliance group can export a FinCEN List used in the Firco Trust Filtering Engine.

Every two weeks, Firco Trust filters in batch the 60 million transactions and 1.5 million account records extracted from their in-house brokerage application in less than 4 hours. Firco Trust produces an XML output that contains about 300 hits. This XML output is then converted into a user friendly report of about 54 pages.

The Results

With FircoSoft's solution implemented, Brown Brothers Harriman achieved better comfort and confidence in the filtering of their transactions and customer records against the 314(a) lists. It resulted in saving a lot of time thanks to the automation of the process and elimination of undesired manual actions which would previously take one person a full day. Matches between the lists and the records are widely covered and high-quality and friendly reports are issued for FinCEN.

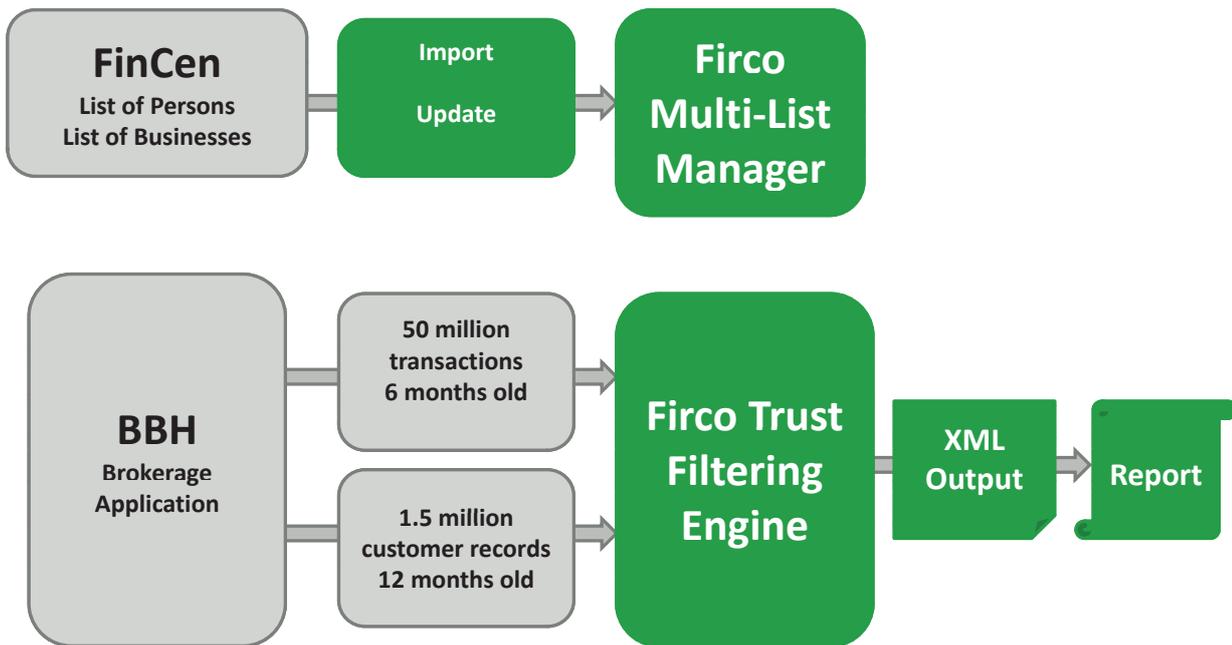
About Firco Trust

Firco Trust is a customer and entity screening solution that combines filtering intelligence with high performance processing capabilities. With Firco Trust, users can implement KYC programs by filtering existing and new customers, counterparts or beneficiaries against any sanctions, PEPs or negative news list. Firco Trust enables a risk-based approach to scan customer databases, and offers a web-based user interface to streamline and expedite decision making.

“FircoSoft’s list management module and filtering solution helped us reduce much of the manual effort that was previously required to respond to FinCEN’s requests for information. Our collaboration with FircoSoft was successful and we now have a more efficient 314(a) process that we believe will provide a higher degree of due diligence.”

Michael Riff, VP, Brown Brothers Harriman

Firco Trust Environment at BBH



About Brown Brothers Harriman

Brown Brothers Harriman (BBH) is a privately-held financial institution that provides specialized services across its Investor Services, Banking & Advisory, and Investment & Wealth Management businesses. For nearly 200 years, the Firm's partnership structure and flat organization has produced alignment of interests with its clients and a culture of accountability and independent thinking. Across its businesses, BBH fosters deep and lasting client relationships built on a foundation of integrity, experience, and trust.

BBH's Investor Services business provides cross border custody, accounting, administration, and execution services in close to 100 markets for many of the world's leading asset managers and financial institutions. With approximately \$3.5 trillion in assets under custody and administration (1), BBH is consistently ranked among the world's top global custodians, asset administrators, foreign exchange, and securities lending providers (2). BBH operates a global business with sixteen locations, including Beijing, Boston, Charlotte, Chicago, Denver, Dublin, Grand Cayman, Hong Kong, London, Luxembourg, New Jersey, New York, Philadelphia, Tokyo, Wilmington and Zurich.

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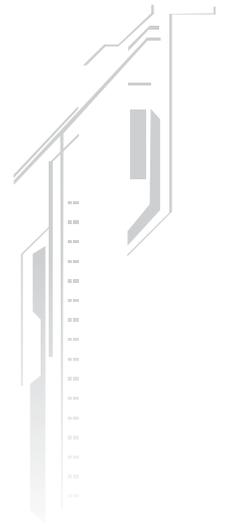
1) As of March 31, 2011

2) As measured by results in major industry surveys. Please see www.bbh.com/accolades for a comprehensive listing of recent industry accolades.

About FircoSoft

FircoSoft has over 15 years' experience in providing watch list filtering and straight-through processing (STP) solutions. FircoSoft's watch list filtering solution, Firco Filtering Suite, helps financial institutions comply with reinforced international regulations on terrorist financing and embargoes, by eliminating the risk of processing illegal transactions and detecting high-risk financial customers and counterparts. Over 440 customers in more than 70 countries use FircoSoft's filtering solutions. FircoSoft has been ranked #1 watch list filtering solution since 2003 by Celent.

www.fircosoft.com



FircoSoft

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